

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Mark Acton, Vice Chairman;
Nanci E. Langley; and
Robert G. Taub

Leonardsville Post Office
Leonardsville, New York

Docket No. A2011-51

ORDER AFFIRMING DETERMINATION

(Issued December 13, 2011)

I. INTRODUCTION

On August 22, 2011, Kingsley Wratten (Petitioner Wratten) filed a petition with the Commission seeking review of the Postal Service's Final Determination to close the Leonardsville, New York post office (Leonardsville post office).¹ Additional petitions for review were received from Jean C. Davis (Petitioner Davis) and Cheryl C. Hammond (Petitioner Hammond), both on September 8, 2011.² After reviewing the record in this

¹ Petition for Review of Kingsley D. Wratten, August 22, 2011 (Wratten Petition). The Wratten Petition includes several enclosures, including a statement by the Upper Unadilla Valley Association (UUVA Statement).

² Petition for Review of Jean C. Davis, September 8, 2011 (Davis Petition); Petition for Review of Cheryl C. Hammond, September 8, 2011 (Hammond Petition). The three Petitioners cited together will be referred to as Petitioners.

proceeding, the Commission affirms the Final Determination to close the Leonardsville post office.

II. PROCEDURAL HISTORY

On August 25, 2011, the Commission established Docket No. A2011-51 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.³

On September 6, 2011, the Postal Service filed the Administrative Record with the Commission.⁴ The Postal Service also filed comments requesting that the Commission affirm the Final Determination to close the Leonardsville post office.⁵

Petitioner Wratten filed a participant statement supporting his petition.⁶ On November 1, 2011, the Public Representative filed reply comments.⁷

III. BACKGROUND

The Leonardsville post office has provided retail postal services and service to 136 post office box customers. Administrative Record, Item 13. No delivery customers were served through this post office. *Id.* The Leonardsville post office, an EAS-11 level facility, had retail access hours of 8:00 a.m. to 12:00 p.m. and 1:00 p.m. to 4:45 p.m., Monday through Friday, and 7:30 a.m. to 10:00 a.m. on Saturday. Final Determination

³ Order No. 824, Notice and Order Accepting Appeal and Establishing Procedural Schedule, August 25, 2011.

⁴ The Administrative Record is attached to the United States Postal Service Notice of Filing, September 6, 2011 (Administrative Record). The Administrative Record includes, as Item No. 44, the Final Determination to Close the Leonardsville, NY Post Office and Extend Service by Rural Route Service (Final Determination).

⁵ United States Postal Service Comments Regarding Appeal, October 17, 2011 (Postal Service Comments).

⁶ Participant Statement Received from Kingsley D. Wratten, September 22, 2011 (Wratten Participant Statement).

⁷ Public Representative's Reply Comments, November 1, 2011 (PR Reply Comments).

at 2. Lobby access hours were from 8:00 a.m. to 12:00 p.m. and 1:00 p.m. to 5:00 p.m., Monday through Friday, and 7:30 a.m. to 10:00 a.m. on Saturday. *Id.*

The postmaster position became vacant when the Leonardsville postmaster retired on July 30, 2009. *Id.* A non-career officer-in-charge (OIC) was installed to operate the office. *Id.* at 12, 14; Administrative Record, Item 18. Retail transactions averaged 29 transactions daily (42 minutes of retail workload). Final Determination at 2. Office receipts for the last 3 years were \$29,123 in FY 2008; \$30,526 in FY 2009; and \$28,397 in FY 2010. *Id.* There were no permit mailers or postage meter customers. *Id.* By closing this office, the Postal Service anticipates savings of \$47,376 annually. *Id.* at 12.

After the closure, retail services will be provided by the Bridgewater post office located approximately 5 miles away.⁸ Delivery service will be provided by rural carrier through the Bridgewater post office. *Id.* The Bridgewater post office is an EAS-13 level office, with retail hours of 8:00 a.m. to 1:00 p.m. and 2:00 p.m. to 4:45 p.m., Monday through Friday, and 8:00 a.m. to 11:00 a.m. on Saturday. *Id.* One hundred eighty-nine post office boxes are available. *Id.* The Postal Service will continue to use the Leonardsville name and ZIP Code. *Id.* at 10, Concern No. 26.

IV. PARTICIPANT PLEADINGS

Petitioners. Petitioners oppose the closure of the Leonardsville post office. Petitioner Wratten argues that the closure would adversely affect the community, especially local businesses as well as the retired and elderly. Wratten Petition at 1-2; UUVA Statement at 1. He asserts that the Postal Service, contrary to 39 U.S.C. § 101(b), is closing the Leonardsville post office because it is operating at a financial deficit. Wratten Petition at 1.

⁸ *Id.* at 2. MapQuest estimates the driving distance between the Leonardsville and Bridgewater post offices to be approximately 4.9 miles (6 minutes driving time).

Petitioner Davis expresses concerns over the cost of establishing and administering alternative service, the loss of revenue to an alternative delivery and mail service company, and the cost of travel to the Bridgewater post office. Davis Petition at 1-2. Petitioner Hammond asserts that the post office serves as a gathering place and information center and that residents would be inconvenienced from having to travel further for postal services. Hammond Petition at 1. She also questions the projected economic savings from the closure. *Id.*

Postal Service. The Postal Service argues that the Commission should affirm its determination to close the Leonardsville post office. Postal Service Comments at 12. The Postal Service believes the appeal raises three main issues: (1) the effect on postal services, (2) the impact on the Leonardsville community, and (3) the assertion that economic savings should not be a determining factor to close a rural post office. *Id.* at 1. The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes the determination to discontinue the Leonardsville post office should be affirmed. *Id.* at 1-2.

The Postal Service explains that its decision to close the Leonardsville post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload and declining office revenue;
- a variety of other delivery and retail options (including the convenience of rural delivery and retail service);
- little recent growth in the area;
- minimal impact on the community; and
- expected financial savings.

Id. at 4. The Postal Service contends that it will continue to provide regular and effective postal services to the Leonardsville community when the Final Determination is implemented. *Id.* at 4-5.

The Postal Service also asserts that it has followed all statutorily required procedures and has addressed the concerns raised by Petitioners regarding the effect

on postal services, effect on the Leonardsville community, economic savings, and effect on postal employees. *Id.* at 5-11.

Public Representative. The Public Representative states that the Postal Service complied with applicable notice requirements, such as posting notices in a timely manner and holding a community meeting. PR Reply Comments at 3, 6. However, she contends that the Administrative Record lacks sufficient information to determine whether the Postal Service adequately considered the effect of the closing on the Leonardsville community. *Id.* at 6-7. In particular, she asserts that the record does not indicate whether the Postal Service evaluated new evidence of potential growth and alternatives to closing. *Id.* at 3-5. She argues that the Commission should either remand the Final Determination or encourage the Postal Service to better tailor their answers to community-specific questions. *Id.* at 7.

V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. 39 U.S.C. § 404(d)(5).

The record indicates the Postal Service took the following steps in reaching its Final Determination. On April 20, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the Leonardsville post office. Final Determination at 2; Administrative Record, Item No. 20-21. A total of 137 questionnaires were distributed and 55 were returned. Final Determination at 2. On April 29, 2011, the Postal Service held a community meeting at the Leonardsville post office to address customer concerns. *Id.*; Administrative Record, Item No. 24. Twenty customers attended. *Id.*

The Postal Service posted the proposal to close the Leonardsville post office with an invitation for comments at the Leonardsville and Bridgewater post offices for approximately 60 days, from May 13, 2011 through July 14, 2011. Final Determination at 2; Administrative Record, Item Nos. 31-35. The Final Determination was posted at the same two post offices for approximately 30 days, from August 9, 2011 through September 10, 2011.⁹

⁹ Final Determination at 1; Administrative Record, Item No. 48. The Administrative Record contains Final Determination cover sheets with round-date stamps listing the date of posting (August 9, 2011), but not the date of removal at the Leonardsville and Bridgewater post offices. See Postal Service Comments at 4. In future cases, the Postal Service must include round-date stamps on each Proposal to Close and Final Determination listing both the date of posting and the date of removal to demonstrate compliance with applicable notice requirements.

Based on a review of the record, the Commission finds that the Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

B. Other Statutory Considerations

In making a determination on whether to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A). The Postal Service must also comply with the provisions of 39 U.S.C. § 101(b), which prohibits closing any small post office solely for operating at a deficit.

Effect on the community. Leonardsville, New York is an unincorporated community located in Madison County. Final Determination at 11; Administrative Record, Item No. 16. Police protection is provided by the Madison County Sheriff's Department. *Id.* Fire protection is provided by the Leonardsville Fire Department. *Id.* The community is comprised of retirees, the self-employed, and those who work in local businesses or commute to work in nearby communities. Final Determination at 11. The questionnaires completed by Leonardsville customers indicate that, in general, residents travel elsewhere for other supplies and services. *Id.*; Postal Service Comments at 8 (citing Administrative Record, Item No. 22).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the Leonardsville community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Leonardsville post office, customers raised concerns regarding the effect of the closure on the community. Their concerns and the Postal Service's responses are summarized in the and Final Determination.

For example, Petitioners and the Public Representative raise issues about the effect of the closing on the Leonardsville community. Petitioner Wratten argues that the closing would adversely affect the Leonardsville business community. Wratten Petition

at 1-2. The Public Representative questions the accuracy of the Postal Service's conclusion that there will be minimal growth. PR Reply Comments at 3-4. The Public Representative also asserts that it is unclear whether the Postal Service considered Petitioner Wratten's information on anticipated growth in the community. *Id.* at 6. Petitioner Hammond expresses concerns about the loss of the Leonardsville post office as a gathering place and information center. Hammond Petition at 1.

The Postal Service contends that it considered the effect of the closing on the Leonardsville community and that the community identity will be preserved by continuing the use of the Leonardsville name and ZIP Code. Postal Service Comments at 8; Final Determination at 11. The Postal Service argues that there has been minimal growth in the Leonardsville area in recent years and that there has been no indication that the business community has been adversely affected. Postal Service Comments at 8; Final Determination at 2, 11. It asserts that residents may continue to meet informally, socialize, and share information at other businesses, churches, and residences in Leonardsville. Final Determination at 11.

Petitioner Wratten alleges that the loss of the Leonardsville post office was responsible for one business electing to locate in another community and that a second business located in the community has projected that its postal expenditures might double within 2 years. Wratten Petition at 1. The assessment of potential business opportunities involves the exercise of judgment. Not everyone can be expected to reach the same assessment. On the basis of the record presented, it is by no means clear that the Postal Service's consideration of potential business opportunities was legally deficient under the standards of section 404(d). There is no evidence in the record to support Petitioner Wratten's allegation that the decision of the first business to locate in another community was based solely on the closing of the Leonardsville post office. The projected postal expenditures of the second business are also open to question and it would be reasonable for the Postal Service to discount those projections in deciding to close the post office. On the basis of the record, the Commission does not find the Postal Service's evaluation of the effect on community inadequate.

Accordingly, the Commission concludes that the Postal Service has satisfied the requirement that it consider the effects on the community of closing the Leonardsville post office.

The Public Representative argues that the Postal Service appears to have based its conclusion that there will be minimal growth on information relating to West Edmundson, New York because no data was commercially available for Leonardsville. PR Reply Comments at 4. The Postal Service states that there is no indication that the business community will be adversely affected, however, the Administrative Record notes that there has been little growth in the Leonardsville, New York area in recent years. Postal Service Comments at 8.

The Public Representative also questions why the Postal Service did not provide a direct response to Petitioner Davis's suggestion of an alternative to closing the Leonardsville post office. PR Reply Comments at 5. Petitioner Davis suggested a reduction of hours at two or three post offices and the sharing of a postmaster. Davis Petition at 1. The Public Representative cites a Postal Service response to a similar customer suggestion to which the Postal Service responded simply that the suggestion was duly noted and was being added to the record. *Id.* at 5.

The Commission agrees with the Public Representative that customers deserve a substantive response to such suggestions, not merely a *pro forma* inclusion of the suggestion in the record. In this case, however, it appears that the Postal Service response to another customer concern addresses Petitioner Davis's suggestion. In responding to a customer suggestion that the Leonardsville post office be made a hub of the Bridgewater post office and use an OIC, the Postal Service explained that shorter work hours at leased facilities reduce, but do not eliminate, pressure on overhead expenses. Final Determination at 3-4, Concern No. 7. Among the costs that would remain are rental and ancillary costs. *Id.* While Petitioner Davis's suggestion that the postmaster be shared at several facilities might reduce employee costs, it would not address the Postal Service's concern that lease and ancillary costs would remain.

The Commission concludes that the Postal Service has taken the effect on the community into account as required by 39 U.S.C. § 404(d)(2)(A)(i).

Effect on employees. The Postal Service states that the Leonardsville postmaster retired on July 30, 2009 and that a non-career OIC has operated the Leonardsville post office since then. Postal Service Comments at 11; Administrative Record, Item No. 18. It asserts that the non-career OIC may be separated from the Postal Service and that no other Postal Service employee will be adversely affected. Postal Service Comments at 11; Final Determination at 12. The Commission concludes that the Postal Service has considered the effect of the closing on employees at the Leonardsville post office.

Effective and regular service. The Postal Service contends that it has considered the effect the closing will have on postal services provided to Leonardsville customers. Postal Service Comments at 5-7. Petitioner Wratten argues that the closing would place an undue hardship on the retired and elderly who would have to travel further to obtain their mail and shipped medications. Wratten Petition at 2. Petitioner Hammond asserts that residents would be inconvenienced from having to travel further for postal services. Hammond Petition at 1.

The Postal Service responds that all Leonardsville customers will continue to receive regular and effective service via rural route delivery to cluster box units installed on the carrier's line of travel, which provide the security of individually locked mail compartments. Postal Service Comments at 6-7. It asserts that customers are not required to travel to another post office to receive mail or obtain retail services. Final Determination at 8. With regard to senior citizens, the Postal Service explains that special provisions will be made for hardship cases or special customer needs to ensure service to disabled persons. *Id.*; Postal Service Comments at 5. See *also* Postal Operations Manual (POM) § 631.42.¹⁰

¹⁰ POM § 631.42 provides for consideration of changes in the mode of delivery where existing methods impose an extreme physical hardship on an individual customer. Approval is to be based on humanitarian and not economic criteria evaluated on the basis of the customer's need and not denied

Based on a review of the record, the Commission concludes that the Postal Service has considered its ability to provide a maximum degree of effective and regular service.

Economic savings. The Postal Service estimates total annual savings of \$47,376. Final Determination at 12. It derives this figure by summing the following costs: postmaster salary and benefits (\$44,279) and annual lease costs (\$6,900) minus the cost of replacement service (\$3,803). *Id.*

Petitioner Hammond questions the accuracy of the projected savings. Hammond Petition at 1. Petitioner Davis expresses concerns over the cost of establishing and administering alternative service and the loss of revenue to an alternative delivery and mail service company. Davis Petition at 1.

The Postal Service asserts that rural route carrier service would cost substantially less than maintaining the Leonardsville post office and would still provide regular and effective service. Postal Service Comments at 9. It estimates the total annual cost for alternative service to be \$3,803. Administrative Record, Item No. 17.

The Commission has previously stated that the Postal Service should not compute savings based on compensation costs that are not eliminated by the discontinuance of a post office.¹¹ The Leonardsville postmaster retired on July 30, 2009. Final Determination at 12. The non-career OIC may be separated from the Postal Service. *Id.* On paper, the postmaster position and the corresponding salary will be eliminated. However, even if the presumably lower salary of the OIC were substituted, it appears that closing would still provide a net, if lower, financial benefit to the Postal Service.

because of increased operational costs or because a family member or other party may be available to receive mail for the customer. POM, Issue 9, July 2002.

¹¹ See, e.g., Docket No. A2011-16, Order No. 843, Order Affirming Determination, September 8, 2011.

Upon review of the record in this proceeding, the Commission concludes that the Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

Section 101(b). Petitioner Wratten contends that the Postal Service's closing of the Leonardsville post office violates section 101(b) because he believes that the sole criterion for closure was the lack of revenue. Wratten Petition at 1. The Postal Service argues that economic savings was not the only factor it considered in reaching its decision. Postal Service Comments at 9-10.

Having examined the record, the Commission is not prepared to conclude that the Postal Service's determination violates section 101(b). In addition to considering the post office's level of revenue, the Postal Service, in fact, considered the postmaster vacancy, a minimal workload, the variety of delivery and retail options, the impact on the community, and the impact on postal employees.

VI. CONCLUSION

Based on the review of the record, the Commission concludes that the Postal Service has adequately considered all requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the Leonardsville post office is affirmed.

It is ordered:

The Postal Service's determination to close the Leonardsville, New York post office is affirmed.

By the Commission.

Ruth Ann Abrams
Acting Secretary